



STATE OF CONNECTICUT
DEPARTMENT OF BANKING
260 CONSTITUTION PLAZA -- HARTFORD, CT 06103-1800



TESTIMONY SUBMITTED TO THE BANKING COMMITTEE

Jorge L. Perez, Commissioner
February 25, 2016

S.B. 171, *An Act Concerning Advance Rental Payments*
S.B. 172, *An Act Concerning Technical Revisions to the CUSA*
S.B. 173, *An Act Concerning Connecticut Financial Institutions*
HB 5293, *An Act Concerning Retail Installment Sales Financing*

Good morning Chairman Winfield, Chairman Lesser, Ranking Members Martin and Simanski, and members of the committee. My name is Bruce H. Adams and I am the General Counsel of the Connecticut Department of Banking. Thank you for the opportunity to testify before you today in support of four pieces of legislation.

The first bill is S.B. 171, *An Act Concerning Advance Rental Payments*. This bill would require that when landlords receive a security deposit from a tenant, they must place those funds in an escrow account and provide the tenant with the name, location of the bank where the funds have been deposited. Interest on those security deposits will now compound annually and, in the case where a landlord fails to pay or return interest on security deposits, the landlord will be liable for the greater of \$10 or actual interest owed.

Most importantly, however, this bill would add a new option to the timing for the payment of interest owed on security deposits by allowing either the landlord or tenant to elect to defer the payment of interest until the termination of tenancy rather than receiving an annual payment or credit against the next month's rent. Since interest will compound, the tenant will walk away with a few more cents at the end of the term, and will alleviate burden on the landlord to calculate and write checks for mere pennies to each of their tenants each year (in 2016, accrued interest on a \$1000 security deposit would be \$0.80).

H.B. 5293 *An Act Concerning Retail Installment Sales Financing*. This bill would change how certain insurance refunds (typically, loan or "gap" insurance) must be paid when the car is repossessed. This bill would also assist finance companies by clarifying the method for determination of fair market value for repossessed vehicles. I know that H.B. 5297, on today's agenda, is a similar bill dealing with the same statutes. I am, of course, happy to address your questions on either bill.

The remaining two proposals are technical in nature and involve the Financial Institutions and Securities statutes:

S.B. 172, *An Act Concerning Technical Revisions to the Connecticut Uniform Securities Act* simply makes conforming citations to the federal securities laws, which were amended by the Jumpstart Our Business Startups Act. S.B. 173, *An Act Concerning Connecticut's Financial Institutions*, makes a number of minor changes, mostly to comport with federal law. One section regarding public deposits would modify existing language to clarify the status of the Commissioner's perfected security interest, by deleting reference to a pre-existing agreement between the depositor and the bank. This bill also amends the rules regarding bankers' banks to allow them to be owned by a bank holding company and to remove the existing state restrictions on ownership and services.

Thank you for your attention to these matters. The Department believes these bills represent a common sense approach to financial regulation by enhancing protection to consumers while still respecting the impact of regulatory burden on our industries. I am happy to answer any questions you may have.